

17 Aug 1941

T. 100-10-2.

MEMORANDUM FOR THE RECORD

SUBJECT: Constructive Cost Determinations in Indirect Travel Situations

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An employee, with his dependents, arrives in New York City from overseas en route to home leave in San Francisco. The employee is ordered to Washington for a short period of TDY. He brings the dependents with him and thereafter, when travelling from Washington to San Francisco, they fly under the family fare plan. In determining the constructive cost ceiling under which reimbursement may be made for the employee's actual travel expenses, must one use the family fare rate from New York to San Francisco, or may one use the standard first class rates?

2. Mr. Barclay was of the opinion that in this factual situation the constructive cost could be based on the standard rates for the following reasons:

When leaving New York, the subject and his dependents had separate travel authorizations. The employee was authorized to travel to San Francisco via Washington, and the dependents were authorized to travel directly to San Francisco. Under these circumstances, if the orders had been literally complied with, it would have been impossible for these people to take advantage of the family fare plan since that plan requires that the principal and his dependents travel together. Consequently, it is perfectly proper to use the rates for the lowest available first class air transportation as a constructive cost ceiling in determining the reimbursement for the subsequent air travel--the lowest available being the standard first class rate.

3. Mr. Barclay also indicated, however, that as a general rule, if the employee's travel actually commenced on a family fare plan day (Tuesday, Wednesday or Thursday), he would be held to take advantage of this plan. The accommodations are identical with those that would be secured under standard fares, and the employee's negligence in not taking advantage of the plan would cost the Government money.

Mr. Barclay pointed out, however, that the typical travel orders provide for travel "on or about" a given date, and that the employee would not be required to travel on a family plan day unless this were specifically stated in his orders.

4. In subsequent discussion with Mr. Randleman, he mentioned to me the case of an employee returning from home leave, San Francisco to Washington, who chose to go by way of New York and now seeks reimbursement based on the standard first class fare between San Francisco and Washington, although his actual travel was by family fare plan. Under these circumstances, I expressed my opinion to Mr. Randleman that the employee's constructive cost ceiling must be measured by the family fare plan rates. Although not required to do so, the employee actually did commence his transportation on a family fare plan day and by departing a few hours earlier or later could have taken a plane directly to Washington at exactly the same rate as he paid to go to New York. The extra expense, then, from New York to Washington, is a personal expense and not reimbursable.

Office of General Counsel

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